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NEA/MAG (SWILLIAMS, MNARDI, MHAYES) AND DRL

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TAGS: [PGOV](#) [PREL](#) [PHUM](#) [KDEM](#) [TS](#)  
SUBJECT: PRESIDENT BEN ALI'S ANNIVERSARY SPEECH - GIVING  
WITH ONE HAND AND TAKING WITH THE OTHER

REF: A. TUNIS 1153  
[B](#). TUNIS 851  
[C](#). 07 TUNIS 1470

Classified By: Ambassador Robert F. Godec for reasons 1.4 (b) and (d)

[1](#). (C) Summary: Ben Ali's annual November 7 speech, given on the occasion of his coming to power in 1987, highlighted the upcoming elections, announced several new development initiatives, and emphasized the government's cautious go-slow attitude toward currency liberalization. In foreign affairs he paid lip service to the Palestinian cause, bilateral and multilateral cooperation with Europe, the Americas and Asia, the Maghreb Union, the World Solidarity Fund, and the development of complementarity among Arab countries. Although, there was little new of substance, the overall effect of his speech was to emphasize the government's tendency to centralize control over both the political and economic spheres. End Summary.

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Political Issues  
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[2](#). (C) In this year's speech commemorating the 21st anniversary of his coming to power, Ben Ali opened with the upcoming 2009 presidential elections:

-- He said that they would be held within a context of transparency and respect for the law, and claimed that the electoral law had been changed to consolidate the rights of candidates and ensure voting integrity. (Note: In fact, the change approved in July (ref. B) effectively eliminated two potential rivals.)

-- He announced that he was granting to the Higher Communications Council (led by Abdel Baki Hermasi a US-educated former Minister of Culture) the power to review the content of candidates' TV or radio recordings to make sure they do not "violate any legal texts.<sup>8</sup> (Note: This is in the context of previous problems. Tunisian Radio and Television has in the past cut the content of a candidate's presentation or aired it at an inappropriate time leading to complaints of censorship and political manipulation. The Higher Communications Council will most likely perform the same function.)

-- He extended the length of time allowed to the Constitutional Council to rule on appeals of its decisions on legislative elections. It began reviewing election results in 2004. (Note: The Council consists of nine people beholden to Ben Ali. The length of the reviews will not increase the likelihood that decisions will treat the opposition fairly.)

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Does dialogue replace democracy?

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13. (U) In his speech Ben Ali emphasized the role of dialogue and pluralism, but always as a dynamic between a given group and the government.

For political parties he said:

-- "We have opted for pluralism, proceeding from the conviction that diversity of opinions is a source of enrichment... and consolidates the national constants that unite all national forces."

-- "We have adopted dialogue as a foundation of our democratic process and... endeavored to expand its scope by organizing consultations on the major issues."

For the press he said:

-- "...the government has striven to promote freedom of expression and taken various measures to promote the media and improve its performance, relying on the awareness of the media professionals and their ethics." These ethics are among the guarantees of freedom and democratic behavior which are sometimes transgressed, especially by "intruders into this profession and those trying to undermine the country's higher interests."

-- For youth, he complimented the "Pact of Youth" (Ref A) and reemphasized its themes that youth are the future but must be protected from the dangers of estrangement and loss of identity. They must deepen their sense of patriotism, and service to their country. He acknowledged that youth believe in freedom and difference of opinion and said, "...let it be thus, we will endeavor to reinforce its means and channels

and make them accessible to all Tunisian youth at home and abroad."

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Foreign Policy Issues  
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14. (U) Concerning Tunisia's foreign policy, Ben Ali affirmed that the Palestinian cause was primordial. Regarding the United States, he said the GOT will continue to further enhance the ties of friendship and cooperation with "the countries of the American and Asian continents, particularly in the fields of investment, modern technology and commercial exchange." He urged cooperation and partnership in the region of the Maghreb, the Mediterranean, Africa, and Arab countries through the promotion of integration and complementarity where possible. He supported the establishment of the Maghreb free-trade zone and the implementation of big Maghreb projects to achieve economic integration. He specifically mentioned the economic, social and development summit that Kuwait plans to host in 2009, hoping it would contribute to economic complementarity among Arab countries. He advocated increased cooperation with Europe at both the bilateral and multilateral levels. He supported the efforts to activate the World Solidarity Fund adopted by the UN in 2002.

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Progress in Economic and Development  
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15. (U) Ben Ali announced that the GOT had made significant progress towards achieving most of its economic goals, including among others:

-- Decreasing the unemployment rate by 4 percent by 2016. Ben Ali said unemployment was 14 percent but acknowledged that it was higher for university graduates. (Note: The official GOT unemployment rate has averaged 14 percent for the last three years and most international organizations believe the actual unemployment rate is significantly higher.) He claimed the unemployment level for university graduates reflected achievements made in higher education. He instructed the government to establish programs aimed at

university graduates and to enhance the quality of services provided by employment offices.

-- Increasing the high-tech sectors' contribution to the GDP from 25 percent to 35 percent. He said it had reached 23.5 percent. (Note: Although he did not mention specific sectors, Tunisia has focused on expanding the aviation, financial, and IT sectors).

Looking forward, he said he had instructed the GOT to increase the funds allocated to development in the 2009 budget to TD 3,900 million (US \$2,925 million) from TD 3,300 (US \$2,475 million) to accelerate infrastructure development and promote export and investment.

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Financial Sector Development  
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¶6. (U) Opining that the financial sector was key to the country's development, Ben Ali said he wants to promote Tunisia as a regional financial center. He reasoned that the current international financial crisis has justified Tunisia's financial development strategy. Tunisia aims to mobilize the financial sector to promote development and employment and to gradually advance foreign financial liberalization without speculation. The GOT plans to strengthen the sector by continuing to decrease the percentage of non-performing loans to less than 10 percent by ¶2011. He said the government is moving gradually toward full convertibility of the dinar, with adequate protections for Tunisian enterprises as they work to access foreign markets and attract foreign investment. Specifically he instructed the government to among other things:

-- Review the Code of Exchange to remove the principle of non-convertibility of currencies;

-- Liberalize the regulations to allow companies registered in Tunisia to hold foreign currency accounts abroad if they have business transaction abroad

-- Review the penal procedures for financial crimes to adapt them to common law;

-- Revise the 1985 law concerning financial institutions that deal with non-residents to remove barriers and attract international financial institutions;

-- Establish a Center for Financial and Monetary Research and Studies.

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Other Economic Measures  
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¶7. (U) Ben Ali asserted that the GOT is planning to improve the country's competitiveness by:

-- Restructuring insurance for exports to increase financial resources, guarantee more comprehensive coverage of Tunisian exports, and ensure commercial credits;

-- Launching a program to help enterprises adapt their products to foreign markets; and

-- Formulating a new plan to consolidate those parts of the legislative, regulatory, institutional and logistical aspects of the economy that affect its competitiveness.

Domestic-oriented development projects included:

--Road development projects and support for small and medium sized enterprises (SMEs) by doubling the capital of the Bank for Funding SMEs and restructuring the credit guarantee system, and increasing from 10 to 20 percent the public transactions granted to SMEs.

-- Tax Reform: Ben Ali committed to continue alleviating the tax burden on enterprises and citizens by enacting a tax amnesty, decreasing the direct corporate tax, canceling the higher VAT rate, and reducing tax penalties in certain

circumstances.

-- Social Welfare Initiatives: Ben Ali said the GOT would start a program to improve the infrastructure and services in at least 76 low-income neighborhoods affecting 366,000 people. He called on all the parties involved in the current round of national labor negotiations to ensure the success of this round. (Comment: Following his speech the UGTT and UTICA agreed to a 4.7 percent increase in civil service wages.)

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Comment: Nothing New  
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18. (C) Nothing in this speech surprised us. However, it is useful in that it reflects Ben Ali's preoccupations specifically the upcoming elections, the need to integrate the next generation into society, the financial crisis and the need to continue opening Tunisia to international trade and investment. The speech also underscores the centralized nature of the government and Ben Ali's role in personally directing and instructing it.  
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